

ARA SUBMISSION

THE REVIEW OF THE AUSTRALIAN APPRENTICESHIPS INCENTIVE SYSTEM

May 2024

INTRODUCTION

The Australian Retailers Association ('ARA') welcomes the opportunity to make a submission to the Department of Employment and Workplace Relations ('DEWR') in respect of the Strategic Review of the Australian Apprenticeship Incentive System.

The ARA is the oldest, largest, and most diverse national retail body, representing a \$420 billion sector that employs 1.4 million Australians- making retail the largest private sector employer in the country. As Australia's peak retail body, the ARA informs, advocates, educates, protects, and unifies our independent, national, and international retail community.

The ARA also operates the Retail Institute - Australia's leading Registered Training Organisation (RTO) for the retail industry. With over 30 years' experience as an RTO, the Retail Institute provides accredited and non-accredited training across Australia, through our own team of trainers and assessors.

The importance of the retail sector on the economy and greater labour market is indisputable. As an industry, retail provides opportunities for individuals to enter the workforce with no or little experience and provides meaningful employment pathways for individuals seeking a career. The sector continues to create new roles, foster full employment and host skill-development for the labour market.

With approximately 4.5 million learners enrolled in apprenticeships and traineeships across Australia,¹ and the retail sector facing skills shortages across multiple roles, the continuation of these training programs is necessary to preserve the role that the retail sectors plays in strengthening the labour market, and greater economy.

For this reason, the ARA advocates for the restructure of the Australian Apprenticeship Incentive System to better attract potential learners to enter these training programs and simultaneously support on-going learners to attain their qualification and complete their study.

EXECUTIVE SUMMARY

This submission presents recommendations aimed at boosting apprenticeship and traineeship enrolment, addressing barriers to participation and incentivising learners to complete their study.

In alignment with the recommendations put forth by the Australian Chamber of Commerce and Industry (ACCI) in their submission, the ARA calls for the introduction of a *Job Creation Incentive Program* and further financial incentives for apprentices/trainees to ease cost-of-living pressures.

¹ NCVER Statistical Report - Total VET Students and Courses 2021 | ncver.edu.au/_data/assets/pdf_file/0038/9680573/Total-VET-students-and-courses-2022.pdf

We also outline additional recommendations, relevant to the terms of reference, on how to broaden the take-up and successful completion of apprenticeships and traineeships by women, and other diverse cohorts.

The ARA submits that the current apprenticeship incentive model has improved skills and training outcomes in the retail sector to an extent. We also attest the participation of learners in these training programs has cultivated a higher skilled workforce for the retail sector.

However simultaneously we also maintain the current incentive model has been inadequate in supporting employers to upskill their current workforce and offset associated training costs.

The initiative has also failed to provide enough financial support to learners, specifically those completing qualifications outside of the priority list, leading to many having to choose between full-time work or study.

The consequence of this current model is that completion rates continue to fall, leading to a soft-skilled dominant Australian workforce, and correspondingly, weaker labour market.

The Australian Apprenticeship Incentive System requires an overhaul which is reflective of apprentice, trainee, and employer needs. This would bolster a retailers ability to enhance the upskill their workforce, facilitating a more highly skill labour market, and strong economy.

KEY RECOMMENDATIONS

Reform the financial Incentives payable to employers

The ARA backs ACCI’s Call for a *Job Creation Incentive program* that would sustain and strengthen an employer’s ability to engage apprentices and trainees, leading to a stronger, better labour market.

Job Creation Incentive Program	Standard base-level payments to all employers of apprentices should be up to \$2,000 per quarter across the first two years, for trainees up to \$2,000 per quarter across the first up to 18 months of their program.
	Targeted incentives for those areas that have been deemed in shortage by Jobs and Skills Australia of an additional \$2,000 payment above the standard base payment payable to the employer.
	Completion payment of \$2,500 once the apprentice or trainee completes their qualification payable to the employer.
	An additional amount of up to \$3,000 to be payable quarterly across two years to employers of adult aged apprentices.

Reform the financial support payments payable to apprentices and trainees

Many apprentices and trainees struggling with the cost-of-living receive minimal financial support to assist them with offsetting personal, housing and training costs. In the retail sector, the workforce is also typically younger which means these potential learners would also likely face more financial hardship, precariousness, or instability resulting from educational expenses.

For this reason, the ARA endorses, in alignment with ACCI’s propositions, on-going financial support payments, payable to all apprentices and trainees during their training, and a completion bonus payable upon completion of the training program.

Cost-of-living payments	A payment of \$5,000 to be paid directly to the apprentice/trainee across quarterly instalments up to 24 months, followed by a \$2,500 completion payment.
	An additional \$1,500 payment above the standard base payment payable to the apprentice/trainee whose occupation is on the priority list.

Reform the federal incentive model to include funding for RTO’s

To facilitate high quality apprenticeships and traineeships, private registered training organisations (‘RTO’s) should be allocated federal funding. This would facilitate higher completion rates for learners, as RTO’s provide higher quality training and high student-satisfaction rates.

The new quality apprenticeship and traineeship model	Provide funding for RTO’s to access upgrades to training facilities and equipment.
	Provide funding for RTO’s to reinvest in their training materials, VET staff development and hiring capabilities.
	Provide funding for RTO’s to develop and sustain internal student support services including advice and counselling for apprentices and trainees.

Provide additional support for apprentices and trainees

In agreement with ACCI, the Australian Apprenticeship Support Networks (‘AASN’) should receive additional funding to expand the services available to apprentices, trainees and employers.

On-going support for employers engaging these learners, and the development of best-practice guidelines for employers would facilitate positive workplace relationships, and workplace cultures.

The recommendations below incorporate and build upon the recommendations put forth by ACCI.

Funding the Australian Apprenticeship Support Network (AASN)	AASN to partner with FWO to develop best practice guidelines for employers dealing with apprentices/trainees from beginning to end of training program.
	Dedicated support for small businesses and businesses engaging an apprentice or trainee for the first time.
	Additional training for employers including workshops, and webinars.
	Feedback mechanisms from apprentices/trainees and employers to AASN to ensure the system is continuously refined and improved.

Supporting women, First Nations people and individuals in remote, regional and rural areas.

Enabling women, First Nations people and individuals in remote, regional or rural areas to pursue an apprenticeship or traineeship could be achieved through concentrated outreach efforts aimed at supporting these individuals through beginning to the end of the training program.

Facilitate inclusion through government programs	Targeted outreach and apprentice/trainee recruitment programs for these key demographics.
	Promotional messaging and programs centred on upskilling women in feminised industries.
	Dedicated support networks and mentorship programs, that form part of the Australian Apprenticeship Support Network, for these key demographics.
	Additional federal funding for RTO's that operate in remote, regional, and rural areas, ensuring these training programs remain accessible.

RATIONALE RELEVANT TO THE TERMS OF REFERENCE

The performance of the current apprenticeship incentive model

The current incentive program operates from the 1 July 2022 and 30 June 2024 period inclusive.

Within the structure of this program, apprentices and trainees listed on the priority list² can receive training support payments set at \$1,250 payable every 6 months, up to a maximum of \$5000 and their employer can receive a 25% wage subsidy over a 3-year period.³

For training programs not listed on the priority list, businesses or group training organisations may be eligible for a hiring incentive if they 'hire a new or recommencing Australian Apprentice' or 'they engaged an Australian apprentice who is an existing worker with less than 3 full-time equivalent months'⁴.

This incentive is the only federal apprenticeship incentive available to employers of apprentices and trainees not on the priority list. There is no training support payment for apprentices and trainees not on the priority list.

In 2023, the completion rates for apprentices/trainees was recorded at 55.8% for those that commenced training in 2018⁵ while in 2021, the completion rates for those that started in 2016 was 56.1%.⁶

² Department of Employment and Workplace Relations | [Appendix A – Australian Apprenticeship Priority List – 1 January 2024 - Department of Employment and Workplace Relations, Australian Government \(dewr.gov.au\)](#)

³ Department of Workplace and Employment Relations | Australian Apprenticeships Incentive System

⁴ Department of Workplace and Employment Relations | Australian Apprenticeships Incentive System

⁵ NCVET | [Completion and attrition rates for apprentices and trainees 2022 \(ncver.edu.au\)](#).

⁶ NCVET | [Completion and attrition rates for apprentices and trainees 2020 \(ncver.edu.au\)](#).

In 2022, the Australian Apprenticeship Incentives System replaced the Australian Apprenticeships Incentives Programs, a system in operation since 1998, reforming the incentives available to employers.⁷

In the June 2023 quarter, there was 31,310 cancellations and withdrawals from traineeships and apprenticeships,⁸ while in the Oct-Dec 2021 quarter there was 30,755.⁹ It is important to note that cancellations and withdrawals have been higher post 2022.¹⁰

The purpose of the Australian Apprenticeship Incentives System was to 'create a pipeline of skills and talent in the Australian workforce, helping businesses to meet their current and future skills needs and realise the opportunities of a recovering economy'.¹¹

This current program has had little impact on improving apprenticeship and traineeship completion rates.

The effect that cost-of-living pressures is having on apprentices and trainees.

Chief Executive of the National Apprentice Employment Network Dianne Dayhew has acknowledged that '...many (apprentices and trainees) are feeling the added burden of cost-of-living pressures'.¹²

Currently, only apprentice and trainees on the priority list can be eligible for training support payments that form part of the current apprenticeship incentive model.¹³

There are over 600 different types of apprenticeships and traineeships in Australia,¹⁴ yet only 120 occupations are listed within the Australian Apprenticeships Priority List,¹⁵ leaving many learners without access to incentives or financial aids that encourage and support the continuation of training.

For those on the priority list, financial incentives are only payable once every 6 months,¹⁶ leaving a significant interval between one payment to the next.

State funding for the continuation of fee-free and subsidised programs, providing apprentice and trainees do not have to pay full price for training program, also remain precarious with uncertainty as to whether this funding will continue in the next budget.

While there are many reasons as to why apprentice and trainee completion rates have declined, including a change of career, and being offered a better job, the pay being too low¹⁷ was an expressed concern among apprentices.

In a recent survey conducted by Apprenticeship Support Australia on apprentices and trainees, 70% of the learners surveyed expressed a \$5000 training support program would have helped them a "great deal" in continuing their studies.¹⁸ It was also expressed that 59% of these learners also felt

⁷ Department of employment and workplace relations | [Australian Apprenticeships Incentives Program Guidelines - Department of Employment and Workplace Relations, Australian Government \(dewr.gov.au\)](https://www.dewr.gov.au/australian-apprenticeships-incentives-program-guidelines)

⁸ NCVER | [Apprentices and trainees 2023: June quarter \(ncver.edu.au\)](https://www.ncver.edu.au/apprentices-and-trainees-2023-june-quarter)

⁹ NCVER | [Apprentices and trainees - 10 year time series \(ncver.edu.au\)](https://www.ncver.edu.au/apprentices-and-trainees-10-year-time-series)

¹⁰ NCVER | [Apprentices and trainees - 10 year time series \(ncver.edu.au\)](https://www.ncver.edu.au/apprentices-and-trainees-10-year-time-series)

¹¹ Australian Government | [Australian Apprenticeships Incentive System Fact Sheet \(4\).pdf](https://www.dewr.gov.au/australian-apprenticeships-incentive-system-fact-sheet).

¹² Australian Associated Press | [Rewards push to give apprentices the tools to stay on – Australian Associated Press \(aap.com.au\)](https://www.aap.com.au/rewards-push-to-give-apprentices-the-tools-to-stay-on)

¹³ Australian Government | [Australian Apprenticeships Incentive System Fact Sheet \(4\).pdf](https://www.dewr.gov.au/australian-apprenticeships-incentive-system-fact-sheet).

¹⁴ Apprenticeship Community | [A-Z-Guide-for-Apprentices-and-Trainees-2.pdf \(apprenticeshipcommunity.com.au\)](https://www.apprenticeshipcommunity.com.au/a-z-guide-for-apprentices-and-trainees-2).

¹⁵ Department of Employment and Workplace Relations | [Appendix A – Australian Apprenticeships Priority List - Department of Employment and Workplace Relations, Australian Government \(dewr.gov.au\)](https://www.dewr.gov.au/australian-apprenticeships-priority-list).

¹⁶ Department of Workplace and Employment Relations | Australian Apprenticeships Incentive System

¹⁷ NVCER | [Apprentice and trainee outcomes 2022 \(ncver.edu.au\)](https://www.ncver.edu.au/apprentice-and-trainee-outcomes-2022).

¹⁸ APPRENTICE SUPPORT | [ASA-Accelerating-Apprentice-Completions-Report_1.pdf \(apprenticeshipsupport.com.au\)](https://www.apprenticeshipsupport.com.au/asa-accelerating-apprentice-completions-report-1)

government support payments during the training program would be best with 25% specifying early support would be preferable.¹⁹

Solely 38,000 apprentices and trainees across 60 in-demand occupations can access interest-free loans to assist with the cost-of-living under the expanded Australian Apprenticeship Support Loans Scheme.²⁰ Yet, 4.5 million learners are enrolled in training programs throughout Australia.²¹

Mature-age apprentices have reported being unable to afford housing and family needs while undertaking an apprenticeship.²² Others have reported the cost of uniforms and equipment is significant.²³

This has led to a reluctance of individuals pursuing an apprenticeship as cost pressures loom.²⁴

High quality apprenticeships and traineeships; Employer incentives

Inconsistent, strict and/or limited financial incentives for employers engaging an apprentice or trainee directly correlates with lower completion rates for these learners.²⁵

This can predominantly be contributed to the fact that employers incur costs and risks associated with training an apprentice or trainee which often cannot be easily offset.

The current incentive program provides a 25% wage subsidy over a 3-year period available to employers of apprentices and trainees in *priority* sectors.²⁶ Employers engaging an apprentice or trainee outside of the priority list can receive a hiring incentive only if stringent primary eligibility requirements are met.

While there is no contention that a skilled Australian labour force is imperative to business viability, and the greater economy, there is an issue with imparting the responsibility of upskilling the future Australian workforce to employers, who already are overcome by high business costs, stringent legislative frameworks, and operational restrictions. These considerations should be at the forefront of policy makers minds given the relationship the retail sector shares with the labour market, and economy.

Reforming the Apprenticeship Incentive Model to provide incentives to all employers of apprentices and trainees indiscriminately would achieve several key outcomes, including but not limited to:

1. Providing employers with the financial capabilities to engage new apprentices and trainees.
2. Enabling employers to offset, rather than incur costs associated with supporting apprentices and trainees through the beginning till end of their training program.
3. Encouraging employers to on-board apprentices and trainees studying for occupations that are facing skill shortages.
4. Motivating the employer to stay committed to the apprentice/trainee's completion of the training program.

¹⁹ Apprenticeship Support Australia | [ASA-Accelerating-Apprentice-Completions-Report_1.pdf \(apprenticeshipsupport.com.au\)](#)

²⁰ Department of Employment and workplace relations | [More apprentices can now access cost of living relief | Ministers' Media Centre \(dewr.gov.au\)](#)

²¹ NCVET, Total VET students and courses 2022, 2023.

²² ABC NEWS | [Mature-age apprentices must balance low wages with the cost of living and family priorities - ABC News](#)

²³ NCVET | [factors-contribute-retention-and-completion-609.pdf \(ncver.edu.au\)](#)

²⁴ ABC NEWS | [Mature-age apprentices must balance low wages with the cost of living and family priorities - ABC News](#)

²⁵ NCVET | [Historical time series of apprenticeships and traineeships in Australia from 1963 to 2023 \(ncver.edu.au\)](#)

²⁶ Department of Workplace and Employment Relations | Australian Apprenticeships Incentive System

5. Encouraging employers to on-board adult apprentices and support them through to the completion of their training program.

As remarked by the Jobs and Skills Australia (Formerly the National Skills Commission) in July 2020, employer incentives should reflect the relative cost of training to be effective.²⁷

High quality apprenticeships and traineeships; Private RTO's

Private RTOs are among the highest quality educational and training providers within the VET sector, consistently boasting higher completion rates²⁸ and higher levels of student satisfaction²⁹ than other training providers.

Current funding for private RTO's, facilitated through state governments remains precarious, minimal, and uncertain as the next Budget is yet to be announced. Comparative to TAFE's, private RTOs also consistently receive less funding, despite providing better outcomes for apprentices and trainees.

To facilitate higher completion rates for apprentices and trainees, government funding should be reflective of learners experiences and preferences. According to a survey by Apprenticeship Support Australia, 64% of learners stated training delivered on the worksite would have encouraged them to continue training.³⁰

For this reason, the ARA recommends a funding model that supports the preservation of these training programs and enables RTO's to reinvest in their training programs. Access to modern materials, equipment and facilities would ensure that RTO's can continue to serve high quality training programs and outcomes.

Similarly, additional funding could enable training providers to reinvest in their workforce and hiring capabilities which would achieve two outcomes; The first ensuring the VET trainer/assessor labour market remains competitive, aligning with the objectives of the Blueprint for the VET workforce and the second being the consolidation of a VET workforce that is sought-after, more experienced and higher quality.

Another key element of the funding model we propose is that it could enable private RTO's to develop and sustain dedicated internal support services for apprentices and trainees. Private training providers can often be employers facing high business costs or can be organisations struggling with low enrolments and correspondingly, little profit. The insertion of a funding model for RTO's that can bypass these financial barriers would ensure that learners had access to career or counselling services internally, facilitating greater support for learners at all stages of the training program.

An initiative facilitating greater funding towards private RTO's would achieve high quality apprenticeships and traineeships for learners, and simultaneously, achieve real results of higher completion rates.

²⁷ Australian National Audit Office | [Design and Implementation of the Australian Apprenticeships Incentive System | Australian National Audit Office \(ANAO\)](#)

²⁸ NCVER, VET Qualification Completion Rates | ncver.edu.au/news-and-events/media-releases/vet-qualification-completion-rates-increase

²⁹ Independent Tertiary Education Council of Australia | <https://www.iteca.edu.au/state-of-secto>

³⁰ Apprenticeship Support Australia | [ASA-Accelerating-Apprentice-Completions-Report_1.pdf \(apprenticeshipsupport.com.au\)](#)

High Quality Apprenticeships and Traineeships; Support programs

The Australian Apprenticeship Support Networks ('AASN') should be more aligned to employer and apprentice/trainee needs. In doing so, the training experience for both parties would be optimised and enriched leading to higher quality outcomes for learners.

Supporting employers from on-boarding through to completion of a training program would ensure the seamless progression of apprenticeships and traineeships.

This can be achieved through dedicated best practice guidelines on engaging an apprentice/trainee, developed by AASN, in partnership with the Fair Work Ombudsman, that unifies information on workplace entitlements, incentive programs and the Australian Qualifications Framework.

Correspondingly, on-going engagement with employers through webinars and workshops would facilitate the sharing of practical knowledge. This would better equip employers with the ability to foster positive and harmonious workplace experiences for learners.

Small businesses and/or businesses engaging an apprentice/trainee for the first time should also receive dedicated support from AASN through engagement over the phone and face-to-face. This would maximise the ability for employers to navigate the varied, diverse, and complex frameworks that apply to these training programs. Simultaneously, this would also minimise the challenges employers and learners would otherwise face because of unfamiliarity with these programs.

To ensure the relevance of AASN, these programs should also promote an open line of communication, on an on-going basis, with employers and apprentices/trainees. This would work to ensure that this system provides support in key areas of need and is adaptive to the changing needs of employers and learners.

These changes to the administration of AASN would better enhance the experience of these training programs for employers and learners alike. This would heighten apprentice/trainee satisfaction with the programs, which would directly influence quality outcomes for learners.

Promoting an inclusive workforce for women, First Nations people and individuals in remote, rural or regional locations.

The importance of inclusivity and diversity within the Australian labour market is imperatively important to facilitate an innovative and skilled workforce. Given the clear link between apprenticeships and traineeships outcomes and the position of the greater labour market, strategies of inclusion and diversity within these training programs must be implemented.

For women, First Nations people and individuals in geographically isolated areas throughout Australia, there should be targeted outreach and recruitment programs, initiated by the Government & AASN, aimed at driving higher entry rates to these training programs.

In feminised industries, like retail, there should be clear positioning and promotional messaging of the value of traineeships and apprenticeships to transform professional skills and careers. This would strategically spread awareness of these training programs and their value, the effect of which would likely be higher entry rates into these programs by women.

For these key demographics, there are also additional measures that AASN could put forward to support entry and completion of these training programs. Dedicated support, through info lines, face-to-face appointments, and mentorship programs, would enhance engagement with these cohorts from beginning to end of the training program. Thereby, reducing barriers to entry and non-completion of these training programs among these individuals.

For potential learners in rural or remote areas, accessible and flexible training programs would facilitate greater entry rates. For this reason, RTO's and other training providers that offer flexible training programs within remote towns, and cities should receive more funding. This would ensure that current training providers in these areas continue to operate and would also incentivise more training providers to enter the market in these locations.

Given the clear relationship between these training programs and the labour market, the reformation of the Australian Apprenticeship Incentive System would promote an inclusive Australian workforce and correspondingly, connect these individuals with sustainable employment.

How the Incentive System can be aligned with the priorities in the 2023 Employment White Paper and the Australian Government's broader economic objectives.

The Australian government is seeking to focus on 'expanding the potential of Australia's labour market'³¹ so that 'everyone has the opportunity for secure, fairly paid work and people, businesses and communities can thrive and adapt'.

Five objectives are outlined to achieve this focus:

- Deliver sustained and inclusive full employment.
- Promoting job security and strong, sustainable wage growth
- Reigniting productivity growth
- Filling skills needs and building our future workforce.
- Overcoming barriers to employment and broadening opportunities.

The objective of filling skills needs and building the future workforce of Australia can be achieved through reforming of the Australian Apprenticeships Incentives Programs.

Almost half (44%) of new jobs created within the next 10 years will require a VET qualification.³² In the retail sector, employment growth from May 2023 -to May 2028 is expected to rise with 24,400 new jobs needing to being filled. Across all industries, based on occupations, projections the same period also reveal most of these jobs will be professional, managerial and clerical administrative workers.³³

To meet these employment demands, and fulfil on-going skill shortages, the Australian Apprentice Incentive system needs to be revised to attract new learners and support on-going learners to complete their studies. This can be accomplished by following the recommendations outlined in this document, as well as adhering to the suggestions provided by ACCI.

³¹ Treasury | [Working Future \(treasury.gov.au\)](https://www.treasury.gov.au)

³² Jobs and Skills Australia | [National Press Club Address: Toward a National Jobs and Skills Roadmap | Jobs and Skills Australia](#)

³³ Jobs and Skills Australia | [Employment Projections | Jobs and Skills Australia](#)

THE EFFECT OF POLICY OUTCOMES

Policy decisions can drive real societal change, evidenced over the years with apprenticeship and traineeship completion rates changing with government decisions, and policy changes.

While the review of the Australian Apprenticeship Incentive System is not a policy decision, it notably has the power to influence policy makers and advocate for real change that aligns with apprentice, trainee and employer needs.

For this reason, we maintain that to aid the recovery of the apprenticeship system, and achieve real outcomes for the workforce, policy decisions must align with the needs of the retail sector. In doing so, the broader labour market and greater economy would be strengthened.

CONCLUSION

The retail sector plays a pivotal role in shaping the Australian labour market serving as a cornerstone for employment opportunities, skill enhancement, and professional growth. However, as entry and completion rates within apprenticeships and traineeships dwindle and the retail sector continues to face skills shortages, it is imperatively important to reframe the Australian Apprenticeship Incentive System to better meet the needs of the retail sector.

For this reason, the ARA calls for the Australian Apprenticeships Incentive System to be reframed, in alignment with the recommendations put forth herein and by ACCI. By reforming the incentive model, the retail sectors ability to provide valuable outcomes for the labour market and greater economy would be preserved.

The ARA and its members thank the DEWR for the opportunity to provide industry insights and recommendations on the Australian Apprenticeships Incentive System.

Any queries in relation to this submission can be directed to our policy team at policy@retail.org.au